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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

BLOCKFI INC., *et al.*,

Debtors.¹

Chapter 11

Case No. 22-19361 (MBK)

(Jointly Administered)

**APPLICATION IN LIEU OF MOTION
IN SUPPORT OF ENTRY OF STIPULATION AND ORDER
BETWEEN THE DEBTORS AND SILVERGATE BANK REGARDING
SILVERGATE BANK'S RELEASE OF FUNDS FROM THE RESERVE ACCOUNT**

TO: THE HONORABLE CHIEF JUDGE MICHAEL B. KAPLAN UNITED STATES
BANKRUPTCY COURT FOR THE DISTRICT OF NEW JERSEY:

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: BlockFi Inc. (0015); BlockFi Trading LLC (2487); BlockFi Lending LLC (5017); BlockFi Wallet LLC (3231); BlockFi Ventures LLC (9937); BlockFi International Ltd. (N/A); BlockFi Investment Products LLC (2422); BlockFi Services, Inc. (5965); and BlockFi Lending II LLC (0154). The location of the Debtors' service address is 201 Montgomery Street, Suite 263, Jersey City, NJ 07302.

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby submit this application in lieu of motion (the “Application”), pursuant to Local Rule 9021-1(b) of the Local Rules of the United States Bankruptcy Court for the District of New Jersey (the “Local Rules”), seeking approval and entry of the proposed *Stipulation and Order Between the Debtors and Silvergate Bank Regarding Silvergate Bank’s Release of Funds from the Reserve Account* (the “Stipulation and Order”),² a copy of which is attached hereto as **Exhibit A**, and respectfully state as follows:

1. On November 28, 2022 (the “Petition Date”), each Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. A detailed description of the Debtors, their businesses, and the facts and circumstances supporting the Debtors’ Chapter 11 Cases are set forth in greater detail in the *Declaration of Mark A. Renzi in Support of Debtors’ Chapter 11 Petitions and First-Day Motions* [Docket No. 17], incorporated by reference herein.

2. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On November 29, 2022, the Court entered an order [Docket No. 42] authorizing procedural consolidation and joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). On December 21, 2022, the United States Trustee for the District of New Jersey (the “U.S. Trustee”) appointed an official committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “Committee”) [Docket No. 130].

3. Shortly after the Petition Date, pursuant to the Debtors’ fiduciary duty to their stakeholders to maximize the value of their estates, the Debtors entered into negotiations with

² Capitalized terms used but not otherwise defined in this Application shall have the meanings ascribed to them in the Stipulation and Order.

Silvergate Bank (“Silvergate”) in an attempt to come to an agreement with regard to the release of \$10 million in cash from that certain ACH chargeback reserve account (the “Silvergate Reserve Account”) held at Silvergate. As a result of those negotiations, the Debtors and Silvergate have come to an agreement pursuant to which Silvergate has agreed to release substantially all of the cash in the Reserve Account, less a holdback, as set forth more fully in the Stipulation and Order.

4. This Application is submitted pursuant to Local Rule 9021-1(b) in lieu of a motion in support of the Debtors’ and Silvergate’s request that the Court enter the Stipulation and Order as presented. The Debtors submit that the Stipulation and Order is in the best interest of the Debtors and their estates as it will bring nearly \$10 million in cash into the Debtors’ estates for the benefit of the Debtors’ unsecured creditors while maintaining a sufficient reserve to address any postpetition ACH chargebacks the Debtors may be required to process.

5. This Application and the Stipulation and Order are further supported by the Committee, with whom the Debtors and Silvergate consulted prior to the filing of this Application, and the Debtors, the Committee, and Silvergate request that the Stipulation and Order is entered as soon as possible.

6. No prior request for the relief sought in this Motion has been made to this Court or any other court.

[Remainder of page intentionally left blank]

WHEREFORE, the Debtors respectfully request that the Court enter the Stipulation and Order, in substantially the form submitted herewith and such other relief as is just and proper under the circumstances.

Dated: March 3, 2023

/s/ Michael D. Sirota

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